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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, January 2, 2003

PETITION OF

CASE NO. PUC-2002-00193

GLOBAL CROSSING LTD.
(Debtor-in-Possession)

and

GC ACQUISITION LIMITED

For approval of the transfer of control of Global Crossing Ltd. (Debtor-in-Possession)'s Virginia operating subsidiaries to GC Acquisition Limited

ORDER GRANTING APPROVAL

On October 21, 2002, Global Crossing Ltd. (Debtor-in-Possession) ("GCL") and GC Acquisition Limited ("New GX") (collectively, the "Petitioners") completed a petition filed with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia, requesting approval to transfer control of GCL's Virginia-Licensed Subsidiaries from GCL to New GX.¹

GCL is a global telecommunications company organized under the laws of Bermuda. GCL owns and operates, through its subsidiaries, a global Internet Protocol-based fiber optic network that covers approximately 75,800 miles and over 200 major cities (the "Global Crossing Network"). The Global Crossing Network is used by GCL's operating subsidiaries to provide integrated telecommunications services, including a full range of managed data, voice, and

¹ The GCL "Virginia-Licensed Subsidiaries" include Budget Call Long Distance, Inc. (Debtor-in-Possession), Global Crossing North American Networks, Inc. (Debtor-in-Possession), Global Crossing Telecommunications, Inc. (Debtor-in-Possession), and Global Crossing Telemanagement of VA, LLC (Debtor-in-Possession).

Internet services, to large corporations, government agencies, and telecommunications carriers.

In the United States, GCL's operating subsidiaries provide intrastate, interstate, and international telecommunications services. GCL's subsidiaries are authorized by the Federal Communications Commission and the public utility commissions of all 50 states and the District of Columbia to provide telecommunications services.

New GX is a newly formed company organized for the purpose of carrying out the proposed transaction. GCL is the sole shareholder of New GX.

Budget Call Long Distance, Inc. (Debtor-in-Possession) ("Budget Call"), is an indirect wholly owned subsidiary of GCL. Budget Call is a Delaware corporation with its principal office located in Pittsford, New York. Budget Call provides intrastate long distance telecommunications services in Virginia on a resale basis. Budget Call does not hold a certificate of public convenience and necessity ("CPCN") in Virginia.

Global Crossing North American Networks, Inc. (Debtor-in-Possession) ("GCNAN"), is an indirect wholly owned subsidiary of GCL. GCNAN is a Delaware corporation with its principal office located in Pittsford, New York. GCNAN is authorized to provide long distance in Virginia on a resale basis, but at the present time it does not have Virginia customers. GCNAN does not hold a CPCN to provide telecommunications services in Virginia.

Global Crossing Telecommunications, Inc. (Debtor-in-Possession) ("GCTI"), is also an indirect wholly owned subsidiary of GCL. GCTI is a Wisconsin corporation with its principal office located in Pittsford, New York. GCTI is authorized to provide long distance telecommunications services in Virginia on a resale basis. GCTI does not hold a CPCN to provide such services in Virginia.

Global Crossing Telemanagement of VA, LLC (Debtor-in-Possession) (“GCTVA”), is an indirect wholly owned subsidiary of GCL.² GCTVA is a Virginia limited liability company with its principal office located in Pittsford, New York. GCTVA holds a CPCN to provide competitive local exchange telecommunications services in Virginia. That CPCN was granted in Case No. PUC-1997-00157 (PUC970157) on January 5, 1998.³

Hutchison Telecommunications Limited (“Hutchison Telecom”) is a Hong Kong company that holds worldwide telecommunications interests through a variety of operating subsidiaries. These interests include mobile telephone and paging operators in various countries in Asia, Africa, Europe, and South America as well as a fixed line and international direct dialing operator in Hong Kong. Hutchison Telecom is owned by Hutchison Whampoa Limited (“HWL”), a diversified Hong Kong holding company.

Singapore Technologies Telemedia Pte Ltd. (“ST Telemedia”) is a Singapore telecommunications and information technologies company. ST Telemedia, through subsidiaries, provides fixed and mobile telecommunications, data, and Internet services, telephone equipment distribution, managed hosting, teleport, broadband cable and video, and e-business software development services in Singapore. ST Telemedia is a wholly owned subsidiary of Singapore Technologies Pte Ltd, which is a wholly owned subsidiary of Temasek Holdings [Private] Limited. ST Telemedia, along with its parent companies, is organized under the laws of Singapore. ST Telemedia does not operate directly in the United States, nor does ST Telemedia or its subsidiaries provide intrastate telecommunications services in Virginia.

² While the petition identifies the certificated local exchange carrier in Virginia as Global Crossing Telemanagement VA, LLC, the certificated name in Virginia is Global Crossing Telemanagement of VA, LLC. For the purposes of this case we will use the certificated name.

The Petitioners seek approval of a transfer of control of GCL's Virginia-Licensed Subsidiaries from GCL to New GX. On January 28, 2002, GCL and certain of its subsidiaries, including the Virginia-Licensed Subsidiaries, filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"). On August 9, 2002, the Bankruptcy Court authorized GCL to enter into a Purchase Agreement to effectuate the proposed transaction. The Supreme Court of Bermuda has also authorized GCL to enter into the proposed transaction.

Under this proposed transaction, GCL will indirectly transfer substantially all of its assets and operations, including its ownership interests in the Virginia-Licensed Subsidiaries, to New GX. Once the transaction has been completed, GCL will relinquish all of its equity and voting power in New GX, and New GX will become the new ultimate parent of the Virginia-Licensed Subsidiaries.

Under the terms of the proposed transaction, Hutchison Telecom and ST Telemedia each will invest \$125 million in cash in New GX in exchange for 30.75% of New GX's equity and voting power in the form of common and preferred stock. Creditors of GCL and its debtor subsidiaries will obtain 38.5% of New GX's equity and voting power in the form of common stock. New GX also intends to issue \$200 million in senior secured notes and \$300 million in cash to those creditors. These notes are to be secured by the assets of various GCL subsidiaries, including the Virginia-Licensed Subsidiaries.

THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the transfer of control of GCTVA from GCL to New GX, as described herein, will neither impair nor

³ Global Crossing Telemanagement of VA, LLC, was formerly known as Frontier Telemanagement LLC. The name was changed in 2000.

jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. We note that Chapter 5 approval is required only for GCTVA since it is the only entity authorized to provide telecommunications services in Virginia pursuant to a CPCN.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the transfer of control of GCTVA from GCL to New GX as described herein.
- 2) There appearing nothing further to be done in this matter, it is hereby dismissed.